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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Reform of the procedures for determining reimbursement to Member States for contingent-owned equipment

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions considered an advance copy of the report of the Secretary-General on reformed procedures for determining reimbursement to Member States for contingent-owned equipment (A/62/774). Subsequent to its hearings with the Secretariat, the Committee received the report of the 2008 Working Group on Contingent-Owned Equipment (A/C.5/62/26). During the consideration of the report of the Secretary-General, the Committee met with representatives of the Secretary-General, who provided additional information and clarification. The documents reviewed and those used for background by the Committee in its consideration of the report of the Secretary-General are listed at the end of the present report.

2. In June 2005, in its resolution 59/298, the General Assembly took note of the report of the 2004 Working Group on Contingent-Owned Equipment and approved the proposal of the Secretary-General to convene the next Working Group on Contingent-Owned Equipment in 2008 in order to carry out a comprehensive review of the contingent-owned equipment system.

3. The 2008 Working Group, which met from 4 to 22 February 2008, comprised 359 technical, financial and medical experts from 93 Member States. The Group carried out a comprehensive review of the reimbursement rates of major equipment, self-sustainment and medical support services and of the procedures for carrying out future reviews of reimbursement rates. The report of the Working Group (A/C.5/62/26) summarizes its discussions and key recommendations.

4. The report of the Secretary-General addressed two main areas under discussion by the Working Group: (a) the comprehensive review of the contingent-owned equipment reimbursement rates for major equipment, self-sustainment and medical support services, and the financial impact of the recommendations of the 2008

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Working Group; and (b) the contingent-owned equipment system. **The Advisory Committee recommends approval of the recommendations of the Working Group contained in the report of the Secretary-General.**

5. The Advisory Committee makes the following observations and comments on aspects of the recommendations of the Working Group contained in the report of the Secretary-General.

6. With respect to the provision to deploy additional major equipment as overstock, the report indicates that the Working Group recommends that the overstock of major equipment be increased from 10 to 20 per cent. The Advisory Committee was informed that the proposed increase in overstock capacity would provide needed additional reserves, which could be utilized in the event that equipment was not functional or had to be replaced. **The Advisory Committee agrees with the recommendation of the Working Group.** The Committee notes, however, that a ceiling of 20 per cent for equipment overstock may result in significant financial implications for the Organization. In this connection, it notes that a review of three large missions (the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC), the United Nations Mission in the Sudan (UNMIS) and the African Union-United Nations Hybrid Operation in Darfur (UNAMID)) where inland transportation of major equipment from the port of disembarkation to the unit locations is costly showed an indicative estimated financial impact of $33.2 million per annum.

7. The Advisory Committee notes that the Working Group is recommending that an additional element be included in calculating mission factors, namely a revision of the decision sheet, in order to take into account the potential for hostile engagement of United Nations forces by unidentified parties. The Committee notes from the report of the Secretary-General that, following a review, the Secretariat estimates that, in the case of the United Nations Interim Force in Lebanon (UNIFIL), the financial implications of a revised decision sheet would amount to $652,119 per annum. **The Advisory Committee welcomes a revision of the decision sheet to include the potential for hostile engagement of United Nations forces and trusts that, as noted in the report of the Secretary-General, the Secretariat will undertake a timely review of this factor in other peacekeeping missions.**

8. **The Advisory Committee is pleased to note a new initiative recommended by the Working Group; that is, the provision of Internet access for troops and police deployed in peacekeeping operations as a new self-sustainment sub-category.** The Committee was informed that this additional sub-category would be included in all contingent-owned equipment verification reports and that the Secretariat was in the process of formulating related guidelines and a policy document in anticipation of a decision by the General Assembly. **The Advisory Committee fully supports the recommendation to provide Internet access to troops and police since it will contribute to their overall welfare, and trusts that the relevant guidelines and policy document be will finalized expeditiously.**

9. The report of the Secretary-General indicates that the Working Group recommends an increase of the recreational leave allowance for military and police personnel from the current 7 to 15 days for each tour of duty of six months and is requesting that the legislative bodies consider this matter as it falls under troop costs rather than issues related to contingent-owned equipment. **The Advisory Committee concurs with this recommendation.**

10. The actions to be taken by the General Assembly in connection with the report of the 2008 Working Group on Contingent-Owned Equipment (A/C.5/62/26) are contained in paragraph 40 of the report of the Secretary-General (A/62/774). **As stated above, the Advisory Committee recommends approval of the proposals of the 2008 Working Group on Contingent-Owned Equipment.**

- Report of the Secretary-General on reformed procedures for determining reimbursement to Member States for contingent-owned equipment (A/62/774)
- Report of the 2008 Working Group on Contingent-Owned Equipment (A/C.5/62/26)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the reform of the procedures for determining reimbursement to Member States for contingent-owned equipment (A/59/708)
- General Assembly resolution 59/298